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FOREIGN AGRICULTURE



Exhibit at Utrecht.

Southeast Asian
Feed Needs on Rise
French TSP Market

April 19, 1976

Foreign
Agricultural
Service
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OF AGRICULTURE

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Many U.S. food and beverage manufacturers displayed their products at the FAS-sponsored exhibit at the Netherlands ROKA Show, February 16-20. See articles on pages 11 and 12, detailing U.S. participation in ROKA and other overseas events.

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Feed Needs Seen Increasing In Southeast Asian Nations

WITH DEMAND for livestock products on the rise, and livestock expansion a regionwide goal, Southeast Asia may be on the threshold of takeoff in feed-grain use, according to a report by the U.S. Feed Grains Council.¹ How fast use rises, in turn, will determine whether the United States enjoys expanding feedgrain exports to the region, or sees its sales shrink in the face of stiff competition from Thai corn.

In calendar 1975, the United States exported 70,000 metric tons of feed-grains, valued at nearly \$9 million, to the Philippines, Malaysia, Singapore, and Indonesia. These countries, together with Thailand, make up the Association of Southeast Asian Nations (ASEAN).

While the Philippines was far the largest U.S. market, taking 50,000 tons valued at nearly \$6 million last year, Malaysia and Singapore were cited in the report as potentially larger markets.

Indonesia, on the other hand, has set its sights on becoming a leading corn exporter à la Thailand—Asia's premier corn supplier—whose 1975 shipments totaled 2 million tons. So far, however, Indonesia has made little headway in this direction; in fact, exports have slipped since 1972 as a result of rice crop setbacks and consequent increases in consumption of corn as food. This chronic rice shortfall could continue to forestall corn exports in the near future, given the nation's rapid population growth rate and rising incomes. And as livestock development programs get underway, they could prompt more feed use of corn, thus also constraining export trade.

As a crop, corn plays a varied role in Southeast Asia, the report says. Corn is second only to rice in Thailand, Indonesia, and the Philippines, but insignificant in land-short Malaysia and Singapore.

¹The report represents findings of the U.S. Feed Grains Council (USFGC)—a cooperator with the Foreign Agricultural Service in overseas market development—following a market intelligence mission to Southeast Asia in November 1975. Members of the mission included Darwin Stolte, USFGC President; Harold Smedley, Asian Director; and Donald Taylor, consultant and former Asian Director.

All told, corn accounts for 25 percent of the region's grain acreage and 15 percent of the production—levels that suggest a chance of attaining regional self-sufficiency in corn. The problem here, however, is that Thailand is the only truly surplus producer, and it has reached the point where most future gains will have to come from yield, rather than acreage, expansion. So far, the country has had little success in boosting yields, obtaining its rapid production growth of the late 1960's and early 1970's almost entirely from acreage increases (See *Foreign Agriculture*, August 19, 1974).

Another obstacle to regional self-sufficiency is Thailand's heavy dependence on markets outside Southeast Asia. "About 90 percent of the Thai crop is exported, and roughly half of that goes to Japan," the report says. Still another large share goes to Taiwan.

In the other big producers, the Philippines and Indonesia, corn is mainly a food crop, with "80 to 85 percent of it being consumed by humans in the remote, rural areas where it is produced." The report adds that the low-yielding native varieties fit better into the cropping pattern because of their shorter maturation period—90-100 days compared with 110-120 for most improved varieties. Also, because of consumer preference for white corn, acceptance of the generally higher yielding yellow varieties has been slow.

Other factors pointing to slow expansion in corn output include: Dependence on traditional farming methods, a lack of supply and transportation infrastructure, adverse weather and poor soils in many areas, limited and expensive inputs, and insufficient credit.

A look at three of these Southeast Asian markets follows:

The Philippines. In this populous island chain, steady economic growth and one of the world's highest rates of population increase have pushed feed-grain needs above domestic production—even though 30 percent of the grain area is already in corn. Consequently, the Philippines is a regular importer of 100,000-150,000 tons of corn per year, with Thailand supplying the largest

share in its good years. (Imports from Thailand hit 72,000 tons in January-October 1975 compared with 49,999 from the United States, whereas in the previous year the United States supplied 100,000 tons and Thailand half as much.

The country also imports about 40,000 tons of grain sorghum from Thailand and Australia and 60,000-70,000 tons of soybean meal, mainly from the United States. Increasingly, this and domestic grain trade is handled by the Government-operated National Grain Authority (NGA).

Mixed feed production in the Philippines is carried out by 56 commercial mills, with a total monthly production estimated at 80,000 tons.

Dominating the industry are 11 feed manufacturers banded together in a group called the Philippine Association of Feed Manufacturers (PAFM). These highly efficient operations—integrated with large poultry and hog enterprises—devote some 70 percent of production to poultry feed and most of the rest to hog feed.

Growth in Philippine feed output was rapid until 1974, when high prices forced cutbacks. As a result, the industry is now operating at only about 60 percent capacity.

"Corn is second only to rice in Thailand, Indonesia, and the Philippines but insignificant in land-short Malaysia and Singapore."

The country's livestock industry also has run up against problems recently, as reflected in a sharp drop in hog and poultry numbers during the past year. The decline came as a result of high feed prices in concert with feed shortages and market dislocations.

The problem began, according to the report, in early 1975, when large amounts of Australian beef brisket began hitting the market. These were eventually curbed by the Government, only to be replaced by heavy imports of low-priced canned mackerel from Japan. "These two competitive factors drove the price of pork and poultry down sharply," the report says. It adds

that the pork industry was hardest hit while beef prices were hardly affected as "consumers who normally bought pork or poultry switched to beef at the same price."

Previously, the hog industry had enjoyed rapid expansion as a result of "favorable price levels and official encouragement by the Philippine Government."

Despite the recent problems, hog production continues to expand and modernize. At least one producer is planning an operation that could produce up to 500,000 hogs yearly, and some six to seven producers already have large operations, each capable of turning out 10,000-40,000 head yearly. Another 100-200 have units producing 5,000-10,000 head yearly.

Poultry production is even more advanced since it is largely controlled by the integrated feed manufacturers. These are "highly sophisticated in their production methods and management," the report says.

Beef technology, on the other hand, is said to be "20-30 years behind current optimum practices," and dairying is "practically nonexistent." However, the Government has an ambitious beef development program, which "ranks second only to the Masagana 99 program (rice production)."

Official Government policy also calls for feedgrains self-sufficiency, although this is seen as "almost impossible to attain in the near future, due to the increasing demand for feedgrains, the competition from other cash crops, and other limitations." The report goes on to say that "If current Government attention to the livestock and poultry industries continues and leads to anticipated rates of development, there is potential for the Philippines to develop into a major feedgrain market comparable to Korea or Taiwan."

Malaysia. Vigorous economic growth, which has generated the second highest per capita income in Asia next to Japan's, has whetted the Malaysian appetite for livestock and meat products. To satisfy this demand, the country has developed sizable hog and poultry industries—both now producing enough to satisfy local needs—and has on the drawing board some ambitious plans for beef and dairy production. The latter areas hold some of the most promising prospects for U.S. trade.

This trade now is minimal so far as feedgrain shipments are concerned, with Thailand and Indonesian corn meeting most of Malaysia's feedgrain needs. However, Malaysia also feeds some of the approximately 400,000 tons of wheat it imports yearly, and it purchases about 4.3 percent of this imported wheat from the United States.

Malaysia itself has little chance of increasing feedgrain production. The country does, on the other hand, produce feedstuffs such as rice bran, cassava, and palm oil, as well as a number of other products—now discarded—that potentially could be used in cattle feeding.

"... the Philippines is a regular importer of 100,000-150,000 tons of corn per year, with Thailand supplying the largest share in good years."

The report states that in 1973, 500,000 tons of raw materials were imported to produce 800,000 tons of animal feedstuffs. As of January 1973, 80 mills were producing this feed, with 10-12 companies accounting for over 60 percent of output.

Actual meat consumption in Malaysia is fragmented, owing to the preferences and taboos of the country's diverse population, the report says. While the Chinese "prefer pork," the Malays "will not consume pork" and Indians of the Hindu faith "do not eat beef but will eat pork." Only poultry is consumed universally.

Per capita consumption of the various products breaks down like this—poultry, 15-18 pounds; beef, just under 7 pounds; eggs, 150; mutton, 7 pounds; pork, 30-35 pounds (among the pork-consuming segment), and milk, 6 pounds, liquid equivalent.

While the country is self-sufficient in pork and poultry, it must import 15 percent of the required beef and 85 percent of the milk. Market value of the imports amounts to around \$40 million for dairy products and \$4 million for beef.

To reduce these imports, a Government agency, the National Livestock Development Authority (Majuternak),

was established in 1972 to carry out livestock development programs. The agency now has seven ranches on a total of 14,000 acres in different areas of Malaysia. Herd size, estimated recently at 8,000 head, is to be built to an interim goal of 16,000.

Stock for these ranches has consisted mainly of cattle imported from Australia and New Zealand.

The organization, which hopes to become self-sustaining, also is setting up slaughtering plants and processing facilities.

Dairy enterprises of Majuternak include "a plant for ultra-heat treatment of milk, in combination with tetrapak packaging." The report says that "the resulting product can be shipped and stored as a fresh milk product without refrigeration with a 6-month shelf life." Minimum plant capacity is estimated at 1,000 gallons per day, and cost, at \$2.5 million.

Rapid expansion of related commercial operations is reportedly hindered by problems such as a lack of feedgrains, high fertilizer costs, lack of adequate numbers of good-quality breeding stock, and the difficulty in adapting cattle to tropical Malaysian conditions.

These drawbacks notwithstanding, one U.S. firm may soon begin investigating the feasibility of intensive cow-calf production—"If this happens, there will almost certainly be a point at which cattle fattening is carried on using imported feedgrains with the meat going into export or used domestically for premium meat markets." The report adds that "Malaysia is in an excellent position to commence beef exports since it is the only country in the region that does not have foot and mouth disease or other serious cattle health problems."

Indonesia. The world's fifth most populous nation and one of the wealthiest in terms of petroleum and other natural resources, Indonesia is rich in potential but thus far has lagged in actual achievements (per capita income is still only \$150). However, it seems destined to make great strides—one source says it has "the world's greatest unrealized economic potential." And with \$20 billion programmed for development, it is said to have "the largest array of development schemes extant in the world today."

As far as feedgrains are concerned, Indonesia hopes to follow in Thai-

land's footsteps to become a major corn exporter, but rapid population growth and rising incomes are working against this goal. Indeed, with population still multiplying at the rate of about 2.3 percent a year, Indonesia does well to feed its people in poor crop years. For instance, reduced production of rice—the major foodgrain—between 1972 and 1975 caused the country to divert large quantities of corn to food use, thus reducing exportable supplies of corn to practically nothing.

Also, domestic corn so far is still produced largely by smallholders, with "low yields, poor quality, and serious transportation problems involved in moving corn from areas of production to areas of consumption." Japanese firms have tried to introduce large-scale corn production here, but with little concrete results so far.

The report adds that "one of the keys to Indonesia's ability to export feedgrains in any significant volume will be the rate at which the domestic livestock industry grows."

"... Indonesia hopes to follow in Thailand's footsteps to become a major corn exporter, but rapid population growth and rising incomes are working against this goal."

Commercial feed production for that infant industry is small. Only three feed mills are presently operating in Indonesia, with a total production of about 1,000 tons a month—80 percent poultry feed, 15 percent hog feed. In contrast, around 90 percent of the feed used is still mixed on the farm with local ingredients like copra meal, corn, and rice bran.

As in Malaysia, wheat bran is also used widely as feed. Imports of wheat total about 800,000 metric tons, including some 100,000 from the United States.

Poultry is said to be the main livestock product consumed in Indonesia, while pork consumption is limited in the face of taboos against its consumption by the 80 percent of the country's population that is Muslim. The commercial feedmills operate hatcheries,

with one selling 50,000 chicks a week to a single customer. The leading layer farm in Jakarta reportedly has 23,000 birds, with 73 percent laying. It plans to boost capacity to 28,000 birds and to open a second operation.

The largest commercial hog enterprises are on Java, which has a total hog population of 800,000. The leading enterprise here markets about 10,000 hogs annually. Recently, however, Java has been plagued by overproduction of pork and consequent low prices.

Beef production, on the other hand, is enjoying extensive interest, as evidenced by the 40,000 head of Australian cattle imported in 1975. According to the report, "these are mostly bush cattle, low in quality and with a varied genetic background." The rationale for their import is the low price and their high resistance to tick fever and other local livestock health problems.

Australians in turn, are "active in livestock advisory positions," while the Australian Government has granted Indonesia a \$20-million loan for livestock development.

Currently, the focus is on smallholder operations, but the Indonesian Government is said to be interested in a nucleus estate system that would integrate small operations with large ones. Actual commercial cattle ranches number only two, both started in the private sector with U.S. joint venture participation and since sold to Government agencies.

Despite its ambitious plans, Indonesia so far has not been able to keep up with demand, which includes export demand from Hong Kong. In fact, because of steadily rising shipments to Hong Kong, cattle numbers have been on the decline, portending some future cutbacks in these exports. The report adds, however, that "the Indonesians are very concerned about maintaining their share of the Hong Kong market, which is one reason behind the massive imports of Australian breeding cattle."

Domestic demand, meanwhile, is being pushed up by the growing number of expatriates in Indonesia (including 4,000 Americans) and the slowly expanding Indonesian middle class. "If the Government is successful in transmitting economic development plans into more rupiahs in the pocket of the average Indonesian, massive demand for greater volumes of animal protein foods will certainly follow."

Mexico's Rules Could Slow U.S. Cattle Trade

Mexico's implementation of regulations that were adopted in July 1975 covering imports of breeding animals reportedly caused some delays for some Mexican importers during the Texas Livestock Show near El Paso in February, but the new regulations will not, it is hoped, disrupt the \$20 million annual U.S. trade with Mexico in breeding animals.

Prior to adoption of the new regulations, the Mexican Government issued blanket import permits that authorized members of the Northern States Cattle-men's Association (CNG) to import cattle. CNG then resold the animals to individual ranchers, who were assigned import permits.

The new regulations require Mexican importers of breeding animals to have an import permit, a letter from the appropriate Mexican breeding association stating that the importer is a member or has applied for membership, and a letter from the association stating that no animals are for sale in Mexico in the grade and price ranges quoted on the import application.

In 1975, Mexico accounted for 57 percent (\$14.9 million value) of total U.S. exports of dairy breeding cattle; 41 percent (\$4.6 million value) of total U.S. exports of beef breeding cattle; and a large share (about \$600,000 value) of U.S. swine breeding stock exports.

The United States supplies about 70 percent of Mexico's imports of dairy breeding cattle, and Canada about 30 percent. Almost all beef breeding cattle, breeding swine, and breeding goats and sheep imported by Mexico are of U.S. origin.

Mexico's health and sanitary regulations and transportation costs generally limit imports of breeding animals to those coming from North and

Central American countries.

Mexico's growing demand for meat and dairy products indicates that continuing imports of breeding animals will be required. The United States, because of its geographic proximity, is expected to be the main supplier.

U.S. breeding cattle trade with

Mexico increased from 8,275 head to 37,204 head from 1970 to 1975. Mexico also is the most important U.S. export market for breeding swine, goats, and sheep, and has been for the past several years.

—Based on report from
*Office of U.S. Agricultural Attaché
Mexico City*

Uruguay's Farm Exports To Increase in 1976

Agriculture, the mainstay of Uruguay's economy, appears likely to increase its contribution to the country's exports during 1975, thus increasing foreign exchange earnings and decreasing dependence upon imports, according to James P. Rudbeck, U.S. Agricultural Attaché in Montevideo.

For the first time, Uruguay is expected to export sugar, and an exportable surplus of edible vegetable oils is a possibility. The potential export of these products can be regarded as a significant development, as Uruguay has been an importer of these commodities for many years. Exports of wool, a traditional item in foreign trade, are expected to be at a strong level in 1976.

With agricultural exports accounting for about 85 percent of Uruguay's total exports, it is usually the year-to-year changes in the level of farm exports that most affect the total value of the country's export earnings.

From 1970 to 1974, total exports increased from \$232.7 million to \$382.2 million, while in the same period beef exports increased from \$74.1 million to \$144.7 million, accounting for nearly half the increase in overall export earnings.

Conversely, when exports during January-November 1975 declined compared with the year-earlier period (from \$327 million to \$310 million),

it was largely because of the drop in the value of beef exports (down to \$65 million) that resulted from the restrictions imposed by the European Community.

Ireland Increases Winter And Spring Wheat Plantings

Ireland's 1976/77 winter wheat area is estimated at about 4,500 hectares, up substantially from the 2,800 hectares planted in 1975/76, and spring planting of wheat and barley this year is estimated to be 10 percent greater than in the previous year.

For the first time in years, Ireland imported a significant quantity of U.S. wheat at the end of 1974/75 and at the beginning of 1975/76. Early in 1975, Irish flour millers contracted to buy Canadian wheat at relatively high prices. Subsequently, the millers imported lower priced U.S. wheat and grain sorghum.

Ireland also exported substantial quantities of wheat in 1974/75 and in 1975/76—mostly feed-quality wheat to Northern Ireland.

Industrial use of corn—especially in distilling—is on the rise. Increased wheat flour consumption also is predicted for 1975/76 because of high potato prices. Consumers are turning to pasta products, rice, and bread as substitutes for potatoes.

Some recovery in feed consumption is expected. Although beef cattle numbers have declined substantially, dairy and poultry numbers are holding steady and rapid recovery is already evident in hog numbers. Breeding hog numbers were up 17 percent in the August 1975 census, compared with August 1974, and are continuing to increase.

—Based on report from
*Office of U.S. Agricultural Attaché
Dublin*

U.S. BREEDING STOCK EXPORTS TO MEXICO AND WORLD

Year	Breeding Cattle Exports				Breeding Swine Exports ¹	
	Dairy		Beef		Mexico	Total
	Mexico	Total	Mexico	Total		
1970	4,750	10,162	3,525	16,161	8,093	15,529
1971	5,702	13,190	4,902	19,743	8,487	12,651
1972	10,484	111,032	4,853	21,335	2,170	10,754
1973	18,411	46,454	7,725	33,485	1,912	6,306
1974	28,771	47,593	7,222	40,915	5,876	14,421
1975	27,716	48,516	9,488	22,905	(²)	(²)

¹ Based upon inspections for export. ² Not available.

Slow Growth Seen for French Textured Soy Protein Market

By BRUNO JULIEN

*Office of U.S. Agricultural Attaché
Paris*

FRANCE, A LAND of strong culinary traditions, adopts new eating habits with great reluctance. But the pressures of modern living are bringing about changes in some of the country's lifestyles and many new, nontraditional foods are being tried with greater frequency. Some of these contain U.S. textured soy protein (TSP) that has been imported in limited quantities.

But because TSP's acceptance as a food ingredient is still far from wholehearted, growth of TSP imports will probably be slow in the immediate future, although the long-term outlook is probably more promising. A newly adopted Government regulation controlling the use of vegetable protein may also dampen import increases—at least for the short term.

France's initial introduction to TSP was in 1968 when a small amount of extruded soy protein was imported from the United States. Volume the first year was about one-third of a ton (all tons are metric). It gradually climbed between 1,000 and 1,500 tons in 1973, but tumbled to between 500 and 1,000 tons in 1974 and 1975. Most of this tonnage was from the United States or a U.S. plant based in Europe.

The immediate cause for the lack of growth in 1974 and 1975 was the delay in the issuance by the French Government of the draft of the vegetable protein regulation, although the close price relationship between meat and textured soy protein was also a factor. This was particularly true in the case of corned beef and the wide variety of pork-based products that fall under the general French category "charcuterie." TSP is apparently used in the manufacture of these products.

One of the problems connected with the regulation now issued is that it sets forth only the main vegetable protein limitations. It will be fleshed out in the years ahead, based on experience and

other factors. Thus many actual and potential users of TSP believe that too much is left unsaid.

The Government's slowness in publishing the protein regulation—it had been in the works for several years—has been a barrier to development of many other new products containing TSP than might otherwise have been the case. Some processors who used TSP primarily in meat products feared that their products might have to be abandoned or drastically changed after the regulation was finalized.

And in some cases, this may have already happened since the new ruling—previously approved by the French veterinary service and adopted by the Agricultural Ministry in September 1975—regards vegetable protein as a distinct food product and limits its use as a binder to 1.0-1.5 percent, as a major ingredient in food preparations to 30 percent

FURTHERMORE THE regulation states that any food products containing TSP must be advertised and marketed as a unique item so that consumers will not confuse it with an already existing product.

For example, a pâté containing TSP can no longer be called by that name but must be promoted under a different generic label. Some products containing TSP—particularly for addition to hamburger and sausage products—are being marketed under such names as steket, val-tek, and saucette. One new product is being sold under the name Fansteco. It consists of soy proteins, spices, aromates, and glucides, and is intended for use as a meat replacer.

In the past, some manufacturers wanted to use TSP in their products but did not wish to list it on the label. They were held back from so doing by the fear that a competitor might gain an advantage by revealing the presence

of the "hidden additive." But with the regulation's adoption, TSP's use in a product can no longer be hidden and some manufacturers may decide to make limited market tests of new products containing TSP since the compulsory labeling requirement puts all manufacturers on an even footing.

About 85 percent of the TSP shipped to France is utilized by the food processing industry, especially in meat preparations. The institutional food market buys most of the remaining 15 percent, with somewhat less than 5 tons a year being sold at the retail level, mostly in dietetic food stores.

The institutional food market is an interesting way to introduce TSP. The number of dishes served in institutions doubled between 1965 and 1975, and in the latter year served 3.7 billion institutional food portions—many containing TSP—representing 7.1 percent of the total number of such portions served in France.

By 1980, institutional feeding is expected to increase to 4.5 billion servings, 8.3 percent of the total number, with additional increases coming in later years. The institutional market consists of school and university restaurants (32 percent of the total), Government and company restaurants (27 percent), hospitals (22 percent), army mess installations (5 percent), and miscellaneous feeding units (14 percent).

The possibility of increased use of TSP by the institutional feeding industry is wide open. According to the French National Statistical Institute, more than 500,000 tons of charcuterie products, ready-to-serve meat dishes, and canned meats will be used by the French institutional market in 1975. The introduction of even a small percentage of TSP as a meat replacer would result in a relatively large amount being used. In addition, current consumption of 1.4 million tons of unprocessed meat—much of it served as hamburger—offers another possibility for larger TSP sales.

On the other hand, the general public's acceptance of TSP is limited and will remain so until well-planned promotion campaigns are directed to this sector. As yet, all TSP advertising has appeared in publications directed to the food trade and only a few articles and no advertising have appeared in the general press or in consumer magazines. A minor effort has been made by sales



The French housewife, at left with her family and above in the kitchen, must learn about the food value of U.S. textured soy protein before French consumer sales will show any great climb.

clerks to measure consumer reaction to the idea of using TSP as a protein booster in food prepared at home.

In general the trade reports that consumers have no objection to the flavor of soy protein if they sample the dishes containing TSP before they are aware of its presence. But if they are told in advance, their reaction is negative.

Another series of consumer tests by highly qualified researchers has verified the results of the informal trade test. The researchers found that in tests involving 100 persons who tasted various dishes of food for 10 days, acceptance of foods containing TSP depended on whether they knew in advance of its presence.

Thus it is indicated that, psychologically, French consumers are generally not ready to accept TSP as a food ingredient because of present culinary and eating habits and because they have not been educated to the benefits of using TSP as a protein supplement. Another factor that must be overcome if TSP is to win wide consumer acceptance is the general belief that a protein supplement is synonymous with chemical additives or artificial products.

The attitude of researchers of the

National Office for Medical Research (INSERM) and the National Institute for Agronomic Research (INRA) seems to be favorable to the use of TSP in food products, but apparently INRA would like to see a French variety of vegetable protein developed.

FRENCH FARM organizations have not officially reacted against TSP, but their objective has always been to promote and protect French agricultural production and to limit the dependence of France on other countries for its food and fiber needs. Thus they, too, are probably interested in the development of French sources of protein for human consumption. These groups are supported in this attitude by the Government. But at the moment no TSP company is expected to build a processing plant in France.

One group that has officially reacted against TSP and its use in new products is the Charcuterie Technical Center. Since this organization has close ties with the pork producers association, the reason for its stand is easy to discern.

The sales potential for soy protein in France is great but the market is generally unorganized. To overcome this

weakness, five of the major distributors have formed a so-called study group for proteins (GEPS). Its main objectives are to evolve with Government officials policies to govern the workings of the new protein regulation. At the same time the Study Group is devising a market development program for future years and is trying to enlarge its membership to include a wider range of soy protein distributors.

If the French market is to be opened for greater sales of U.S. vegetable protein massive promotion efforts must be made.

To reach the general consumer, more press articles by scientists, dietitians, chefs, and marketing experts should be distributed to general publications; information sessions held with consumer groups' representatives; and taste tests sponsored to overcome existing prejudices.

Seminars, with U.S. participation, should be held for marketing staffs of food firms. And the institutional market would benefit from sessions with buyers, cafeteria managers, and chefs on the advantages of using TSP as a meat replacer. New recipes, geared to the French palate, could also be developed.

World Coffee Production Set at 71.6 Million Bags $\times \frac{1}{2}$

WITH THE 1975/76 coffee harvest virtually completed around the world, global production is now estimated at a lower level than in December 1975.

FA estimates total production at 71.6 million bags (132 lb)—down by about 900,000 bags—with an exportable production of 52.6 million bags.

Exportable production is considered to be total harvested output minus domestic consumption in the producing countries.

The green coffee market was characterized during much of the December-February quarter by rising prices and concern over the future adequacy of supplies. However, late in February the market stabilized and prices retreated somewhat from their record highs. In early March, prices again showed a rising trend.

Given the production outlook for the next few years, it is possible that prices will again increase in the months ahead.

The estimate for 1975/76 coffee production in North and Central America and in the Caribbean countries had been cut by over 1 million bags to 13.3 million as the effects of unfavorable weather during the 1975/76 blooming season became apparent. In addition, the three countries most affected—Mexico, El Salvador, and Guatemala—had record crops in 1974/75 and some falloff in output was to be expected. Nevertheless, overall output in this area makes the 1975/76 crop the second largest on record and indicates the production uptrend is continuing in these countries.

Major reductions occurred in El Salvador—where production went from 3.3 million bags in 1974/75 to an expected 2.1 million in 1975/76—and Guatemala, whose output fell from 2.5 million bags to only 2 million bags for the current season.

In contrast to the dry weather experienced by El Salvador and Guatemala, favorable weather on the island shared by Haiti and the Dominican Republic resulted in coffee production now estimated at new high levels for both countries. The situation remains

For detailed data see FAS circular FCOF 2-76, April 5, 1976.

unchanged in Costa Rica, Honduras, and Nicaragua, with moderately good crops expected in all three.

Total coffee production in South America for the 1975/76 coffee year is now estimated at 34 million bags, up 100,000 bags over the December FAS estimate. Output in Brazil, the continent's most important coffee producer, remains unchanged at 23 million bags.

Although it is somewhat early to estimate the 1976/77 harvest accurately, the Brazilian Coffee Institute made its "first estimate" in mid-January, setting the crop at 8.2 million bags. FAS has preliminarily set the 1976/77 total at 9-10 million bags.

Meanwhile, in the Brazilian States of Paraná and western São Paulo, where the July 1975 frost heavily damaged coffee trees, about 550 million have been uprooted and much of the area replanted to soybeans, corn, rice, and beans.

Meanwhile, the Brazilian Government has taken several actions that affect both the domestic and export prices of coffee. It granted a 50 percent increase in domestic retail coffee prices, increased the minimum export price from 82 cents per pound for December 1975 to 87 cents for May 1976, and raised the support price for coffee from NCr800 per bag on April 1, 1975, to NCr900 as of October 1. (NCr8.28 = US\$1.) Bank loans are available to coffee growers on the basis of 80 percent of the support price.

A REEVALUATION of damage to the 1975/76 Colombian coffee crop by excessive rains indicates that the harm may have been overstated earlier. Accordingly, the FAS estimate for the 1975/76 Colombian crop has been increased by 100,000 bags to 8.1 million bags.

The estimate for production in Peru, Ecuador, and Venezuela remains unchanged from the earlier one.

Largely as a result of sharply reduced production in Angola, as well as small decreases in some other countries, total African coffee production is estimated at only 17.7 million bags for 1975/76, the lowest figure in the last 10 years. However, carryover stocks in



some countries are sufficient to meet any foreseeable demands for African coffee.

Recent events indicated a return to more tranquil conditions in Angola, but its coffee situation remains uncertain. The FAS estimate for Angola's 1975/76 crop remains unchanged at 1.2 million bags. A fair amount of coffee is being shipped from Angolan ports, probably from carryover stocks of previous years' harvests.

The Ivory Coast estimate remains at 4.65 million bags, despite reports that harvesting has been affected by a shortage of migrant labor from Upper Volta. If these reports are confirmed, it may be necessary to reduce the estimate at a later date.

Ethiopia's current crop year outlook appears promising, although deliveries to Addis Ababa were running 3-4 weeks later than usual, largely because of late flowering and some processing, transportation, and marketing problems arising from the changed political situation. Nevertheless, estimated exports may reach about 1.2-1.3 million bags in 1975/76—substantially more than in either of the past 2 years.

Kenya's 1975/76 coffee crop is forecast at 1.25 million bags. However, a larger than usual percentage of the crop may fall into the lower grades as a result of 2 successive dry years.

The 1975/76 Indian coffee-crop estimate has been raised slightly to about 1.6 million bags, approximately the



Left: Sun drying coffee in El Salvador. Below: A bowl of Indian coffee beans. El Salvador's 1975/76 coffee crop has declined by 1.2 million bags, but a falloff was expected since it harvested a record crop in 1974/75. India's current coffee crop is expected to reach 1.6 million bags.



same as the revised 1974/75 figure. India's export prospects are favorable because of anticipated shortfalls in Brazil's 1976 shipments. With the relatively good harvest and the existence of carryover stocks, it is likely that India's 1975/76 exports could reach a record of over 1 million bags.

Favorable weather throughout Indonesia's growing areas has caused its gradual untrend in coffee production to continue and output will probably exceed 3 million bags in 1975/76 for the first time.

U.S. imports of green coffee in 1975 were approximately 1 million higher than those of calendar 1974, rising to about 20.3 million bags. Approximately half the increase was used for a buildup in stocks from about 3 million bags on December 31, 1974, to 3.6 million bags on the same date in 1975.

There have been some shifts in the relative positions of certain countries or regions that supply coffee to the U.S. market. Brazil increased its exports to the United States by 1 million bags, almost entirely at the expense of Africa. In 1975, Brazil captured 19 percent of the U.S. market, up from 14 percent in 1974, while the African share declined to 34 percent in 1975 from 40 percent a year earlier.

Angolan shipments to the United States fell off drastically in 1975 to only 1.2 million bags, approximately half the amount exported to this country in 1974.

South Africa's Tea Trial Pays Off

An experiment, begun some 10 years ago in South Africa's picturesque Magoebaskloof area of the Northern Transvaal, has blossomed into a full-scale tea industry.

Today there are six producing estates covering a total area of 3,099 hectares (1 ha=2.471 acres), which harvested 2,701,639 kilograms of tea during the 1974/75 season. Each estate has its own processing plant that supplies tea in bulk to brokers.

Four of these estates are owned by Sapekoe Tea Company; another by Bonuskor, a private tea company in the Barberton area of the eastern Transvaal; and the sixth, the Magwa plantation, is in the Transkei Homeland. Magwa, which is near Lusikisiki, is owned by the Transkei Government and is in full production with further extension in the planning stage. Tea experiments in the Transkei have proved to be most successful.

Future tea estates will probably be situated in the Bantu Homelands, where land is readily available and labor plentiful. The South African Decentralization Board provides attractive financial assistance to development projects in the various Homelands.

The latest Homeland tea-growing scheme is the Tsavhase Tea Project, near Sibasa, in Vendaland. This experiment, started in 1973, is managed by Sapekoe, and is a development project of the Bantu Investment Corporation and the Venda Government.

The small but successful South Africa tea industry was developed in order to save foreign exchange, relieve the effects of a possible boycott by other tea-producing countries, and provide work opportunities in the Homelands.

Bangladesh Seeks Farm Imports

BANGLADESH's foodgrain situation has improved significantly in the past year, but supplies of cotton, inedible tallow, and vegetable oils are limited and imports of these commodities will be needed in the fiscal year that ends June 30.

The Bengalees harvested a record *aman* rice crop and good *boro* and *aus* rice crops. In addition, foodgrain arrivals—mostly on a concessional basis or as grants—have been the largest on record. As a result, grain storage facilities are taxed and rice prices, traditionally higher in years preceding harvest of *aman* crops, declined and rice prices in January were below the announced procurement prices.

Although domestic procurement of paddy and milled rice is expected to be above previous levels, no significant reduction in the volume of imported rice is expected.

Bangladesh's rationing system, which includes heavily subsidized prices, will continue and will be supplied mainly from imported grain. A large part of foodgrain imports are financed by U.S. Public Law 480 provisions, and only limited commercial imports of foodgrains are expected.

The outlook for fiscal 1977 is for continued imports of foodgrains but at a somewhat lower level than in fiscal 1976. The Government has indicated it will try to see that the time intervals between arrivals are more efficiently spaced. The Government's plan is to

maximize imports of wheat and minimize those of rice.

The Government would like to import a large quantity (more than 100,000 tons) of vegetable oil, but only a small quantity probably will be imported commercially. Concessional sales and grants probably will cover most of the imports of vegetable oils.

Bangladesh has financed imports of small quantities of vegetable oil and has received some oil and oilseeds as grants. The Government has asked for P.L. 480 financing of 100,000 tons of vegetable oil during the last half of fiscal 1976. Unloading facilities will continue to limit imports.

Vegetable oil refiners and vanaspati manufacturers probably will continue to experience shortages of edible oil during this period, although the Government will import some edible oil commercially before the end of fiscal 1976.

After the receipt of USAID-financed inedible tallow during the first half of fiscal 1976, the Bangladesh Government requested more than 40,000 tons under Public Law 480, Title I, for the last half of fiscal 1976, stating that its limited foreign exchange reserves precluded commercial purchases.

Currently, it is regarded as unlikely that there will be any concessional financing for inedible tallow. If a U.S. credit program or concessional program could provide the financing of imports of inedible tallow, Bangladesh would probably request 50,000 tons for fiscal 1977.

Although stocks of cotton are larger than those of a year earlier, additional supplies are needed.

Bangladesh would like to import more than 300,000 bales of cotton, but the actual amount will depend on concessional financing. Much of this cotton is expected to be of U.S. origin, but with Pakistan trade relations re-established, U.S. suppliers may face strong competition if Pakistan has cotton for export.

In addition to possible imports of cotton from Pakistan, reopening of trade with that country could also include imports of rice, rapeseed, and tobacco.

—Based on report from
CARL O. WINBERG
U.S. Agricultural Attaché, Dacca

Drought Damages Jordan's Wheat

Jordan's wheat production in 1975 is now estimated at only 105,000 metric tons—55,000 tons on the East Bank and 50,000 on the West Bank—compared with 296,000 tons in 1974 and close to the disastrous 1973 crop level of only 86,000 tons. Imports from the United States are expected to more than double.

Barley production, although damaged less than wheat, declined by 34 percent in 1975 to 38,000 tons.

Drought substantially reduced the area planted to winter crops, including wheat, barley, lentils, and vetch. Not only was planted area reduced, but 15-20 percent of this area was damaged and not harvested.

Harvested wheat area was estimated at about 105,000 hectares—only 43 percent of that seeded in the preceding year, which had an excellent rainfall pattern.

In 1975 a very large proportion of the wheat was harvested by hand to obtain as much of the grain as possible. Had it been combined, there would have been some field waste resulting from shortness of the plants.

Jordan, always dependent on imports to meet domestic requirements, will have to import about 275,000 tons for its East Bank in 1975/76, of which the United States will ship about 200,000 tons. This compares with U.S. exports of 59,000 tons in 1974/75 and 88,600 tons in 1975/76.

—MICHAEL E. KURTZIG, ERS

India Doubled Imports Of U.S. Wheat in 1975

India's commercial imports of wheat from the United States during calendar 1975 totaled 3.8 million metric tons, double the previous year's 1.9 million tons, according to the U.S. Agricultural Attaché in New Delhi.

The Australian Wheat Board recently sold 600,000 tons of wheat to India, bringing total Australian wheat sales to India in the crop year that began December 1, 1975, to 800,000 tons.

Domestic procurement of rice during the 1975/76 (November-October) marketing year in late January was nearly double the quantity procured during the corresponding period of 1974/75.

New FAS Publications

- U.S. Deficit in Livestock, Meat, and Meat Products Narrowed in 1975 (FLM MT 3-76)
- U.S. Trade in Livestock and Products Up in January From Year-Earlier Level (FLM MT 4-76)
- 1975 Nut Harvests Mixed in Countries Competing With the United States (FN 2-76)
- U.S. Tobacco's Export Value in 1975 Topped Import Value By \$1 Billion (FT 1-76)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918-S; Tel. 447-7937.

FAS Holds Overseas Food Shows

AMERICAN agricultural and food firms participated in three U.S. exhibits in March, one in the Far East and two in Europe.

Tokyo. The U.S. exhibit area in the Fourth International Hotel and Restaurant Show, March 15-19, sponsored by FAS, drew approximately 56,000 visitors and resulted in floor sales of U.S. foods totaling well over \$3 million and projected sales for the next 12 months of over \$30 million.

The U.S. area dominated the show with 50 booths decorated in the bicentennial motif of red, white, and blue. All FAS booths were manned by company representatives.

Miss Florida Citrus visited the show and passed out samples of grapefruit. Another event that often drew visitors away from other participants' booths was a U.S.-sponsored Hawaiian dance troupe that performed several times daily.

One of the show's highlights was the visit to the U.S. exhibit area by the dietitian of the Imperial Household Agency that serves the royal family and its affiliated workers. He said that the Emperor, who had been given a case of U.S. wild rice during his U.S. visit last year, enjoyed the flavor of the rice. As a result of this interest, the dietitian sought information on how to insure a continuing supply for the Imperial household. The Attaché in Tokyo is now trying to get permission for U.S. suppliers to make commercial shipments of wild rice to Japan. At present such shipments are prohibited.

Nearly all segments of the U.S. food industry exhibited at the Tokyo show, including manufacturers of processed meats, turkey, fresh beef, soybean products, canned fruits and vegetables, and dried fruits and vegetables, to mention just a few.

Paris. U.S. participation in the Salon d'Agriculture, March 7-14, was arranged under the sponsorship of the U.S. Agricultural Attaché in France. Attendance at the fair was just one person short of



Part of the U.S. exhibit area at the Fourth International Hotel and Restaurant Show, Tokyo, March 15-19.

a million, many of whom visited the U.S. product exhibit area.

Participating in the show were the Holstein-Friesian Association of America, the National Association of Animal Breeders, the American Soybean Association, and the U.S. Feed Grains Council, all FAS cooperators.

U.S. product sales for immediate delivery were in excess of \$1,560,000, with another \$681,000 slated for eventual delivery. These were mostly live animals and bull semen sales. Others will probably come from the dozens of inquiries about soybean protein products and cattle feeding methods made

by visitors to the U.S. exhibits.

Verona. U.S. participation in the 78th International Agriculture and Animal Farming Fair, March 12-19, was presented under the direction of the U.S. Agricultural Officer in Milan.

Twelve U.S. companies and organizations, many of them FAS cooperators, participated in the exhibit. Overall attendance was over 500,000, with about 175,000 persons visiting the U.S. pavilion. Most of the U.S. exhibitors were livestock associations. Floor sales amounted to about \$100,000, with the 12-month sales projection totaling about \$1 million.

Three FAS Trade Events Scheduled

The Foreign Agricultural Service of the U.S. Department of Agriculture is sponsoring three market promotional activities during several weeks in April and early May. Included are solo U.S. food shows in Kuwait and Singapore as well as a visit to Indonesia by a five-man U.S. sales team.

The Kuwait show, held April 12-15 at the Hilton Hotel, displayed products from more than 50 U.S. food firms. The first Middle East show in 6 years, the Kuwait exhibit was specifically geared to meeting the needs of brokers, traders, and government officials throughout the region.

The U.S. sales team, comprised of company representatives of several

American food firms, will be in Jakarta April 26-28. Following a day and a half of product display, buyers will be invited to meet individually with the representatives, where, hopefully, successful business transactions will take place. Exhibited products range from snack items to frozen vegetables.

The Singapore Food Show being held in the Marco Polo Hotel, May 4-7, marks FAS's return to this city after a 3-year absence. Representatives of the Singapore food trade have been invited to view and sample the products of more than 60 American firms. And the products to be sampled range from prune juice to popcorn.



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FOREIGN AGRICULTURE

U.S. PRODUCTS DRAW TRADE INQUIRIES AT UTRECHT

One of the world's major trade fairs for food and beverages—the biennial Netherlands ROKA exhibit—featured catalog displays prepared by 36 U.S. food manufacturers and associations and attracted more than 100 written trade inquiries that were cabled to FAS in Washington during and immediately following the show's February 16-20 run in Utrecht.

The United States was one of 24 countries represented at the trade-only exhibit, which drew a total attendance of 30,000 hotel, restaurant, retail, and institutional food buyers.

The FAS booth at the ROKA show was officially opened by U.S. Ambassador Kingdol Gould, Jr., with U.S. Agricultural Attaché James Hutchins, Burgomaster H. J. L. Vonhoff of Utrecht, and FAS Foreign Marketing Specialist Billie Tovell participating in the opening-day ceremony.

U.S. catalog exhibits are displays of U.S. food-product brochures and packages at large international exhibits overseas.

Exhibit booths are attended by FAS personnel who can help prospective buyers locate literature for products of interest and who communicate inquiries regarding products on display to the participating U.S. firms.

Inquiries for items not on display are sent to FAS in Washington, where they are published in *Export Briefs*, a weekly summary of inquiries from overseas

firms seeking new sources of supply.

FAS sponsors catalog exhibits to provide low-cost means of publicizing U.S. food products overseas. The cost to exhibitors is small, and attendance of company representatives is not required.

U.S. firms participating in catalog exhibits benefit from the exposure their

products receive and from trade inquiries that can result in sales or the appointment of sales agents overseas.

FAS makes no sales, but can and will forward all trade inquiries received at the shows to the sponsoring firms.

Display of a new product at a catalog exhibit often provides a convenient means of testing the potential market for a new product.



Reading the roster of 36 U.S. companies and associations participating in the ROKA show in the Netherlands (left to right): Agricultural Attaché Hutchins, Ambassador Gould, Burgomaster Vonhoff, and FAS representative Tovell.